

SUMMARY ANALYSIS OF AMENDED BILL

Author: Battin Analyst: Kristina North Bill Number: AB 2219
Related Bills: See previous analysis Telephone: 845-6978 Amended Date: 4/27/98
Attorney: Doug Bramhall Sponsor:

SUBJECT: Computer Contributions To Public Schools Credit

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

☒ AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced February 19, 1998.

☒ FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED FEBRUARY 27, 1998, STILL APPLIES.

☒ OTHER - See comments below.

SUMMARY OF BILL

Under the Personal Income Tax Law (PITL) and the Bank and Corporation Tax Law (B&CTL), this bill would allow a credit equal to the fair market value (FMV) of each computer donated to a school. The credit would be limited to 10% of the adjusted gross income for PITL taxpayers and B&CTL taxpayers for the taxable or income year.

SUMMARY OF AMENDMENT

The April 27, 1998, amendment:

- ◆ limits the credit to 10% of a taxpayer's "adjusted gross income;"
- ◆ allows the State Board of Education to adopt standards for the refurbishing or reconditioning of computer equipment;
- ◆ under the definition of a "fair and discriminatory manner," allows the distribution of donated computers to any public or private nonprofit postsecondary college or university; and
- ◆ allows a carryover of the excess credit until the credit is exhausted.

DEPARTMENTS THAT MAY BE AFFECTED:

___ STATE MANDATE

___ GOVERNOR'S APPOINTMENT

Board Position:

___ S ___ O
___ SA ___ OUA
___ N ___ NP
___ NA ___ NAR
☒ PENDING

Agency Secretary Position:

___ S ___ O
___ SA ___ OUA
___ N ___ NP
___ NA ___ NAR
DEFER TO _____

GOVERNOR'S OFFICE USE

Position Approved ___
Position Disapproved ___
Position Noted ___

Department/Legislative Director Date
Johnnie Lou Rosas **5/5/98**

Agency Secretary Date

By: Date:

This amendment would not impact the revenue estimate provided in the department's analysis of the bill as introduced February 19, 1998. The projected impact of credit carryovers is less than \$500,000 annually beginning in 2000/01.

The implementation and technical concerns that still apply are restated and additional implementation concerns resulting from the April 27, 1998, amendment have been identified below. Except for those issues discussed above, the remainder of the department's analysis of the bill as introduced on February 19, 1998, still applies.

Implementation Considerations

- ◆ Definitions are needed for "refurbish," "recondition," "self-select," and "making a self-help effort." While the State Board of Education would be responsible for certifying specific aspects of the credit, and it "may" adopt standards for the refurbishing or reconditioning of computer equipment, it has not been assigned the responsibility for certifying the entire credit. Therefore, definitions for these terms would be necessary before this department could implement this bill.
- ◆ This bill limits the credit to 10% of a bank and corporation taxpayer's "adjusted gross income." Bank and corporation taxpayers do not have "adjusted gross income." The author may wish to consider using the term "net income" for bank and corporation taxpayers.

Technical Considerations

Within the definition of "qualified facilitator," this bill refers to "educational training facility," while within the definition of "qualified refurbisher," it refers to "educational facility." The terms should be consistent.

This bill uses the terms "reconditioning" and "refurbishing." If these terms are meant to be interchangeable, the author may wish to use only one term for consistency.

This bill allows a credit for the "FMV" of each qualified computer. While it appears that the "FMV" for which the credit is allowed is the same FMV that is certified by the qualified facilitator or qualified refurbisher, the point is not clear, and clarification should be made.